

# **MEETING SUMMARY NOTES**

## **Cost Savings and Efficiency Work Group**

*February 18, 2003*

*4:00 p.m., Room 113, County-City Building*

**MEMBERS:** Present - Russ Bayer, Mark Brohman, Carol Brown, Jon Carlson, Brian Carstens, Duane Eitel, Mark Hunzeker, Rick Krueger, Greg MacLean, Roger Reynolds, Jerry Schleich, Greg Wood, Patte Newman  
Absent - Jennifer Brinkman, Duane Hartman, Melinda Pearson, Allan Abbott (non-voting)

**OTHERS:** Kent Morgan, Randy Hoskins, Steve Masters, Karl Fredrickson, Nick McElvain, Marvin Krout, Michele Abendroth

### **AGENDA ITEMS DISCUSSION:**

In Mr. Bayer's absence, Mr. Carlson called the meeting to order at 4:06 p.m.

Mr. Carlson asked if there were any public comments; there were none.

Mr. Carlson explained that the agenda included the continuation of the discussion issues.

#### **1. Hold Over Items**

Mr. Morgan asked Mr. Hoskins to proceed with discussion on dual lefts. Mr. Hoskins stated that based on discussions with this group, we removed the signal at mid-mile as typically that would serve a residential area. Mr. Hunzeker stated that it seems that this issue goes along with the signalization issue and a lot of the other issues that have to do with the assumptions that go into the cost estimates and ultimately into the big number that we project our needs to be. By making the assumption that we are going to have three intersections per mile, we are assuming 48 turn lanes per mile for every mile of every arterial street we build at roughly \$20,000 per turn lane. Mr. Hunzeker stated that he does not believe that we have the traffic projections to justify that kind of assumption. Until there is some kind of a traffic projection that begins to justify that kind of geometrics, we are assuming an overbuilding of our road. He added that he is not opposed to building roads, but he is opposed to making this out to be a burden that we can not bear. Mr. Schliech stated that one of the things that he gathered was that it may be true that some of these things may not have been built in the past, perhaps they should have been. Ms. Brown requested that in certain circumstances we maintain dual lefts as she believes that it should be an option that we could use.

Mr. Hunzeker stated that to the extent that the left turn lanes and the right turn lanes are required, we are talking about getting the right-of-way at the intersections to accommodate that and noted that 130 feet is what is required at main intersections. He stated that we have only removed two left turn lanes from a five lane section, which is not enough. He also referred to the Duncan Study which included three intersections between main intersections each with dual lefts on every leg of the intersection plus a right turn on every leg of the intersection. Mr. Hoskins stated that at the half-mile, the two 1/4 miles, and the inside portion of the mile lane roads, you would have two left turn lanes and a right turn lane. He stated that all they considered was the arterial facility because that is the only thing that the impact fees are applying to. The half-mile, quarter mile and internal would not be impact fees as they are development costs.

Mr. Krueger stated that the problem with assuming that you are going to have commercial development out to the quarter mile on each of those corners is that we do not live that way. He stated that he is interested in finding out if Public Works is going to put this design standard through regardless of what the land use is.

Mr. Hunzeker stated that you are saying that approximately 25% of each section will be commercial development to an intensity that generates 300 turning movements. He stated that we have very few places with that kind of volume, and you are projecting that in every single mile. Mr. Hunzeker added that it is unreasonable to assume that you are going to have that kind of configuration at every intersection at every single mile. He stated that he is not opposed to dual lefts where warranted, but you need to be careful when making blanket assumptions, because the cost gets overstated.

Ms. Brown stated that possibly they are estimating on the high end. She added that she was part of the transportation task force, which found that we needed more turn lanes, more roads, wider streets, etc.

Mr. Schleich pointed out previous discussions which said that we would defer costs until traffic warrants the need for dual lefts.

Mr. Reynolds stated that he believed the assumptions were on the high side and does not see where that this type of roadway is necessary.

Mr. Eitel stated that if you keep the 28 foot median, it does not seem like you would be talking about that much money to build the dual lefts.

Mr. Hunzeker also noted that by installing dual lefts, you must have a signal.

Mr. Eitel stated that we have the room for dual lefts, but we do not know whether we need to build them or not until we know what development is going in. We have taken the dual lefts out at the half-mile, so we are talking about another \$60,000-\$80,000 per mile if we took them out completely.

Mr. Carlson asked if we have looked into financing to see if we have enough money to accommodate whatever might happen.

Mr. Hunzeker stated that the 28 foot median where we are already urbanized probably is not going to happen, so there are existing miles where the 28 foot median is not part of the design, unless there is significant change in city policy. Mr. Morgan stated that his understanding was that this was for new development.

Mr. Hoskins agreed that he could take out one dual left per mile. Mr. Morgan stated that we could propose to retain dual lefts at major intersections and retain the 28 foot median but we would only have one dual left within that one mile, so we are going from three to one dual left. All members in attendance agreed to this recommendation.

## **2. Remaining Undiscussed Items (“Passion Items”)**

Ms. Newman suggested placing the striping policy issue in the preamble. She stated that this is a maintenance issue and could save money and time in terms of resulting in less accidents. All members in attendance agreed with placing this recommendation in the preamble.

Mr. Schleich brought forth the issue of using special assessment districts for rehabilitation and reconstruction projects and questioned whether or not we did this today. Mr. Morgan stated that he believed that the intent of this recommendation is to expand its usage. Mr. Schleich asked if the city has the right to assess a homeowner for the rehabilitation of an existing main. Mr. McElvain stated that if they have paid for it one time, then we do not assess them again. Mr. Wood questioned that if you have been living in a house for 40 years and buying water during that time, part of that money goes to maintenance of that facility, so if the water line needs to be rehabilitated, he asked who pays for that. Mr. Masters stated that we identify segments or blocks of main that need to be replaced and those are typically paid through either user fees or revenue bonds as opposed to assessment districts. He said that we have the right to create assessment districts, but we typically exclude properties that have already paid. Mr. Hunzeker questioned how the replacement of a worn out water main is any different from the installation of a new one. Mr. Bayer stated that the question is, in replacement, should just the users pay or the whole community. Mr. Hunzeker commented that the replacement of an existing main is much more expensive than the cost of a new one. Mr. Bayer stated that the water bill includes the cost of repair. The group agreed to discard this issue.

Mr. MacLean brought forth the issue of the inspection program and stated that he believes the city does not have enough forces to provide adequate inspection and construction observation, and there are projects that fail before their intended design life. He stated that either observation did not pick up the problem or the rule was not enforced. Mr. Fredrickson stated that he agreed that there probably is not enough hands-on inspection and training. He also added that he would like to change the observation role to an inspection role so they have authority to reject work that is not in compliance with the specifications. He stated that we may be looking at more outside sources to handle inspection services. Mr. MacLean suggested a recommendation to reflect an

increase in resources, an increase in training, and to change the authority of the inspectors. There were nine 9 'yes' votes and 3 'no' votes; subsequently, the recommendation will go forward. Ms. Brown questioned Mr. Hunzeker as to why he voted 'no'. Mr. Hunzeker stated that his feeling is that the money that could be saved in that area is in putting more responsibility on private consultants who are doing the design work, and for actual construction and inspection, eliminate the city observers.

### **3. New Items to be Raised**

The next issue discussed was the issue of multi-year contracts. Mr. Morgan stated that the law department said that there was no way around this issue, but they felt that we could include a statement of intent as part of the resolution. Mr. Masters stated that basically in the city charter now, we can enter a contract for up to four years, but it requires a vote of the city council. If you have several projects, what we have historically done is that in order to have the funding in place to do a three-year contract, we would not bid the project until year three. By doing multi-year funding, it would allow us to start projects sooner and get more projects going. Mr. MacLean questioned if this would allow us to acquire right-of-way and design prior to having all the money in hand. Mr. Masters verified that is true. All members in attendance agreed to advance this recommendation.

The next issue discussed was sureties. Mr. Hoskins stated that the concern was that developers have to keep sums of money out there until the road was built and sidewalks were put in, so the question was if they could pay for the trees now and the city would be responsible for putting those in. It was clarified that street trees are not included in the impact fees, but the landscaping in the median is. Mr. Hunzeker proposed a recommendation as follows: eliminate the bonding for street trees along arterials and place the burden on the home builder and/or buyer to install the street trees upon the time of the construction of the house; allow for payment in advance to the city in lieu of bonding for subdivision requirement. Ms. Brown questioned if this saves time or money. Mr. Fredrickson stated that it would save time in releasing bonds. Mr. Wood added that it would save the developer money as they would be able to reinvest in another development because the bonds are released. All members in attendance were in agreement that this recommendation should advance forward.

### **4. Items Remaining Under Consideration**

The next issue discussed was special districts. Mr. Schleich stated that he felt this could be a tool which would be helpful to the developer which would ultimately benefit the consumer. If a piece of agricultural land was benefitted by the installation of a sewer, and the farmer did not have to pay for it until the property was annexed, he would be protected and yet he would be cognizant of the fact that he had a charge of \$2000 or \$3000 an acre which had to be paid by the developer. The bottom line is that the developer would pay less for the land; therefore, the ultimate benefit would be to the lot buyer or consumer. Mr. Schleich added that it would require a legislative change, but if it was approached properly it could be effective. He also pointed out a negative side in that the city would have to fund this up front, and the city would be obligated

for it. The other argument is that you are assessing a farmer who may not want to develop that land, but the answer is that until the land is annexed into the city, he is not obligated to pay it. Mr. Schleich noted that city policy does not allow us to go outside the city limits with special assessment districts. Mr. Hunzeker stated that there are a number of different ways to apply this concept. The city has effectively withdrawn from this entire area of using the ability to issue tax exempt bonds to facilitate construction of infrastructure. It is a tool that has largely been ignored for quite some time. He added that it is a valuable tool, and the risk is very controllable.

Ms. Brown questioned if staff could provide an answer as to why we do not use this tool. Mr. McElvain stated that the city council has no authority to create a district beyond the city limits. He also added that it is his understanding that the courts have upheld that the benefits on water and sewer only extend back 150 feet, so there are no provisions to do an area-wide assessment district.

Two recommendations were proposed by Mr. Schleich, as follows: Have the city start the legal process to allow this and have the city council approve it.

Mr. Wood stated that effectively, you are forcing the farmer to sell his property in order to pay the assessments. He then asked if the farmer has to pay for the assessments when it is annexed into the city. Mr. Bayer clarified that as long as the farmer continues to use the property as farmland, they do not have to pay; when they are annexed into the city, they are assessed. Mr. Hunzeker suggested adding to the recommendation that we need to use the authority that is in existence, because there is substantial city authority that is not being utilized. Ms. Newman stated that she would also like to add that we need to keep the interest of the farmer in mind. All members in attendance were in agreement that these recommendations should go forward.

Mr. Krueger distributed a letter he had written regarding a conversation with Terry Bundy of Lincoln Electric Service concerning oversight boards. In the letter, Mr. Krueger described the positive characteristics of oversight boards as identified by Mr. Bundy. Mr. Krueger again offered the suggestion of having an oversight board for water and wastewater similar to LES because their funding mechanism is set up the same way. Mr. Masters stated that there are two conflicting thoughts regarding oversight boards. In the past, there had been concern that we would simply be creating another level of bureaucracy. The other thought is that we did have a water advisory committee, although it was different than LES, and there was a lot of discussion about the budget and rate structures in an informal structure that worked a lot better than if it had been done through public hearings.

Ms. Brown questioned what the role of the board would be. Mr. Krueger stated that these citizens would bring value to our utility departments to help quantify decisions. He feels that there is a whole range of private thought that could be imported into the public sector. Mr. Hunzeker stated that he felt it would help the departments focus on the purpose of serving the customers and added that he believes LES is doing a great job of that. He also commented that the thought of diminishing the authority of the Public Works Department is misplaced.

Mr. Schleich stated that he believes the concept is good, and if we only had one utility, it would be fine. But we have water and sewer, and it seems that we get internal bickering. The other problem is that it creates another entity. Ms. Brown stated that because LES is doing well, no one questions the waste that they have. Mr. Wood stated that he believed there needed to be more study, as LES sells power outside the community and has distinct benefits that water and sewer do not have. Mr. Hunzeker stated that is true; however, all that covers is the excess capital cost that LES has to incur to overbuild their capacity.

Mr. Krueger stated that ultimately we need to look at if we are satisfied with the way we deliver services and if there is value in putting citizens in Public Works.

Mr. Carlson stated that the question for him is are we satisfied with our ability to have an effect on that policy?, not are we satisfied with the policy.

Mr. Bayer stated that the recommendation before them is to have a water and wastewater utility oversight board. Four of the members voted 'yes' and nine voted 'no', so the recommendation will not go forward.

The next meeting will be March 11<sup>th</sup> at 4:00 p.m. in Room 113.

Mr. Bayer adjourned the meeting at 6:05 p.m.